

**SECRET**

CHAM-0174  
Copy 2 of 4  
27 November 1959

MEMORANDUM FOR: Comptroller, DPD

SUBJECT : Contract No. SS-100, CONVAIR  
San Diego, California  
Project CHAMPION

1. Contract No. SS-100 covered studies and tests of the Project CHAMPION. Contractor has satisfactorily completed the terms of the Contract and requests final payment.


2. In support of this claim the following documents are attached:

- a. Auditor's Report No. 523 (DPD-4963-59, Cy #2)
- b. Auditor's Report No. 389 (DPD-2157-59, Cy #2)
- c. Contractor's Patent Statement (Incl #1, CHAM-0165, Cy #1)
- c. Contractor's Letter with Final Release, Assignment of \* Refunds, Rebates and Credits and Final Voucher (DPD-8063-59, Cy #1).

3. No Government-property was generated or furnished for work conducted at San Diego. Government-property generated under the Fort Worth portion has been transferred to the GUSTO Contract. See Auditor's Reports for supporting documentation.

4. Contractor has submitted the required final reports and these have been accepted by the Technical Monitors. See Memorandums CHAM-0134 dated 25 February 1959 and CHAM-0162 dated 1 July 1959, copies of which were previously furnished to you.

5. In view of the above it is requested that Contractor's Final Voucher be processed and paid. Further, please advise this office of final payment and amount liquidated from the contract.

  
Contracting Officer, DPD

Attachments:

As Listed in Para 2

DPD-DD/  MW (27-11-59)

Distribution:

Orig - Finance

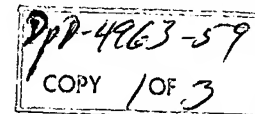
2 - Contracts (SS-100 Cont.Sec)

3 - Air Force Audit

**SECRET**



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON 25, D. C.



#523

REPLY TO:

Auditor General  
Comptroller, USAF  
Eastern District  
Liaison Office  
PO Box 8155, SW Stn  
Washington, D. C.

15 July 1959

SUBJECT: Contract Audit Closing Statement  
Contract No. NOas 58-812 (SS-100)  
CONVAIR, A Division of General Dynamics Corporation  
San Diego, California

TO: Contracting Officer

REF: DPD-3310-59 dated 15 May 1959

1. In accordance with your request, a final audit has been made of the contractor's records and accounts to determine the accuracy of the costs submitted by the contractor in the total amount of \$207,737.03.

2. Allowable costs in the performance of the contract were determined in accordance with Part 2, Section XV, Armed Services Procurement Regulations, and other terms of the contract.


3. Costs Approved: As a result of our examination, costs in the amount of \$207,737.03 have been audited and approved for payment under the contract. This total is inclusive of the Ft. Worth subcontract amount of \$76,310. recommended for reimbursement. (See our Report #389, dated 31 March 1959). Fee is claimed in the total amount of \$14,637.

4. Unclaimed Wages, Unclaimed Deposits, Outstanding Checks, Potential Credits and Refunds: Our examination did not disclose any unclaimed wages, unclaimed deposits nor outstanding checks applicable to costs reimbursed under the subject contract. There are no known potential credits or refunds.

5. Government Property: No Government-owned property was generated under the San Diego (prime) portion of the contract. Government-owned property applicable to the Ft. Worth subcontractor's performance was reported in our Report #389.

6. Royalty and Patent Reports and Final Release: The auditor was informed that patent disclosure and royalty payment reports have been forwarded to the Contracting Officer. The Contractor's Cumulative Claim and Reconciliation and final release are in process of preparation and will be submitted at an early date.

25X1



Liaison Officer  
Eastern District  
Auditor General

JUL 20 11 02 AM '59



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON 25, D. C.

*Jim*

#389

DPD-2157-59

REPLY TO:

Auditor General  
Comptroller, USAF  
Eastern District  
Liaison Office  
P.O. Box 8155, S.W. Station  
Washington, D. C.

31 March 1959

SUBJECT: Report of Audit of Cost-Type Work Order No. 52-85-510  
Convair, Fort Worth Division  
General Dynamics Corporation  
Fort Worth, Texas  
Under Convair, San Diego Division  
General Dynamics Corporation  
San Diego, California  
Sales Order No. 1949-1-4  
Prime Contract No. SS-100  
Period: 6 October 1958 to 23 January 1959

TO : Contracting Officer

REF : CHAM-0113 dtd. 30 December 1958

1. Results of Examination:

The final audit of subject work order was completed with the following results:

All costs were transferred to the San Diego Division,

	Costs Transferred from Convair, Ft. Worth to Convair, San Diego	Approved Costs	Disapproved Costs
Engineering Labor	\$51,735	\$51,735	\$
Division Overhead	20,513	20,384	129
Other Charges	2,473 (A)	2,473	
General Office Overhead	<u>2,169</u>	<u>1,718</u>	<u>451</u>
Total (No Fee)	<u>\$76,890</u>	<u>\$76,310</u>	<u>\$ 580</u>

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(A) consists of the following:

Travel expense	\$ 242
IBM computer rental	2,186
Materials	43
Retroactive wages	<u>2</u>
Total	<u>\$2,473</u>

2. Contractual Data:

a. This work was authorized by letter of [ ] San Diego Division to [ ] Fort Worth Division dated 21 October 1958, without specifying the scope of the work (which we understand was verbally arranged), or the period of performance or the estimated cost thereof.

b. A letter from [ ] dated 14 October 1958 indicated that the Work Order had commenced with an estimated cost of \$40,000.

c. [ ] Engineering Chief, Fort Worth Division, indicated that verbal authorization for the cost incurred in excess of \$40,000 had been obtained from the San Diego Division.

3. Disapproved Costs:

These represent overhead costs incurred during the year 1958. Although negotiated rates have not yet been determined for this year the auditor established acceptable rates with the contractor for this Work Order only, in order to permit contract close-out, because of the small amount of unresolved overhead costs involved.

a. Division Overhead Expense:

Approved Engineering Labor Hours applicable to this contract	9,289
Book overhead rate - \$ 2.20836	\$20,513 (A)
Overhead rate accepted by auditor - \$ 2.19447	<u>20,384</u>
Disapproved costs	<u>\$ 129 (B)</u>

(A) of this amount \$20,221 was reimbursed at approved overhead billing rates (actual year to date book overhead less 1%).

(B) consists of the following:

Business interruption insurance	\$ 6
Entertainment expense	47
Memberships and subscriptions	2
Donations	24
Financial assistance - Education institutions & programs	3
Miscellaneous unreimbursable	47
Total	<u>\$ 129</u>

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b. General Office Overhead Expense:

Approved Engineering Labor Hours (per Par. 3a)	9,289
Book overhead rate - \$ .2335	\$2,169 (A)
Overhead rate accepted by auditor - \$ .1850 (B)	<u>1,718</u>

Disapproved costs	<u>\$ 451</u>
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(A) of this amount \$1,431 was reimbursed at approved overhead billing rate of \$ .154.

(B) Rate approved by Air Force for CPFF pricing purposes. The contractor proposed a rate of \$ .193 to the auditor for this contract, but was agreeable to the reduced rate of \$ .185 in order to be in consonance with AF Pricing policies.

4. Government Property:

a. The contractor complied with final Government property accounting requirements by submittal of a certified Inventory Schedule dated 13 March 1959 (original and nine (9) copies attached) with a recommendation that all the residual items be transferred to Contract AF 33(600)-38772.

b. The residual items, valued at \$4,480, consist of \$43 of material costs (Per Paragraph 1, Note (A)) and \$4,437 of estimated Engineering Labor costs.

c. We were unable to verify the accuracy of the residual inventory because the scope of the work had been verbally arranged and no Government property records were maintained indicating the quantities of models which were produced. Therefore, reliance was placed on the contractor's certification.

d. It is suggested that the Contracting Officer point out to the contractor the requirements for maintaining adequate Government property records under Appendix B, ASPR so that these may be maintained for any future contracts under the project.

e. The contractor states, in letter of  dated 16 March 1959, that there are no known claims in stated amounts to be reserved in the contract release. Also, there are no known credits, refunds or rebates.

Audit Liaison Officer  
 Eastern District  
 Auditor General

Enclosure:

Inventory Certificate dtd. 13 March 1959  
(original and nine (9) copies)

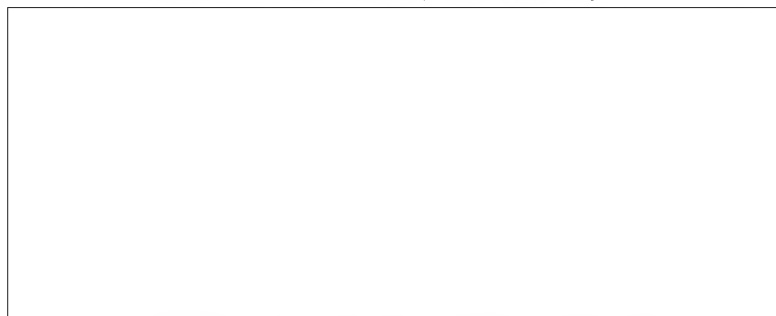
13 March 1959

## INVENTORY SCHEDULE

<u>Description</u>	<u>Estimated Cost</u>
1 Full Scale Inlet Model	\$ 280.00
1 Full Scale Inlet Model	560.00
1 Full Scale Exit Model	1,680.00
1 1/8 Scale Complete Model	560.00
24 1/46 Scale Models	1,400.00

The undersigned as individuals and as authorized representatives of General Dynamics Corporation, Convair Division, Fort Worth (hereinafter called the Contractor), hereby certify that we have examined the above Schedule, and that in the exercise of our best judgment, and to the best of our knowledge, based upon information believed to be reliable, said inventory Schedule represents all materials, tools and equipment on hand at Convair-Fort Worth upon completion of contract SS-100 for which the contractor is accountable. These items can be utilized to advantage by Convair in the performance of Contract AF33(600)-38772. It is requested that for accountability purposes these items be transferred to said Contract.

GENERAL DYNAMICS CORPORATION  
CONVAIR DIVISION (FORT WORTH)



Chief of Contract Administration

STAT

[Redacted]

-0105

920/2

9 July 1959

STAT

To: [Redacted]

STAT

The attached was requested by [Redacted] at time of  
audit.

STAT

[Redacted]

Contracts Coordinator

CCS:acw



9 July 1959

STAT  
To:

[Redacted]  
P. O. Box 1324  
Main Post Office  
Washington, D. C.

Subject: Contract NOs 58-812

In compliance with the terms of subject contract, it is reported that to the best of Contractor's knowledge and belief there were no Subject Inventions reasonably appearing to be patentable and conceived or first actually reduced to practice in the performance of subject contract. Further, it is reported that to the best of Contractor's knowledge and belief the contract cost does not include any amount representing a payment of royalty by the Contractor directly to others in connection with the performance of the contract.

STAT  
[Redacted]  
Contracts Coordinator

CCB:adw

DPD 8063-59  
Copy 2 of 2

20 November 1959

STAT

To:

P. O. Box 1524  
Main Post Office  
Washington, D. C.

Subject: Contract NOas 58-8120

Submitted herewith are copies of Contractor's Release,  
Contractor's Assignment of Refunds, Recates, and Credits, and the final  
voucher requesting payment.

STAT

Contract Coordinator

CCS:ser

File 55-1000  
Any Sec.

C O N V A I R  
A Division of General Dynamics Corporation  
(San Diego)

Contractor's Cumulative Claim and Reconciliation  
Navy Contract NOas 58-812e  
At 30 June 1959

Total claimed from inception of work under this contract; less disallowances concurred in by the Sub-Contractor and disallowances not subject to appeal:

Direct Material	\$ (4.99)
Direct Labor	76,373.25
Other Direct Costs	12,137.35
Overhead (Indirect Costs)	48,021.61
Transfers From Other Divisions	76,310.20
General Office and General Administrative Expense	<u>2,649.61</u>
Total	\$215,487.03
Fixed Fee	<u>14,637.00</u>
Amount Claimed	\$230,124.03
Less: Items approved on Public Vouchers Nos. 1 to 3 inclusive	<u>230,124.03</u>
Items disallowed - Subject to appeal and detailed below	<u>\$ - 0 -</u>

I certify that the above figures have been taken from the records of Convair, A Division of General Dynamics Corporation, and are correct to the best of my knowledge and belief.

STAT

Assistant Billing Supervisor  
16 August 1959

CONTRACTOR'S RELEASEContract No. NOas 58-812c

Pursuant to the terms of Contract No. NOas 58-812c and in consideration of the sum of Two hundred thirty thousand one hundred twenty four dollars and three cents (\$230,124.03)

which has been or is to be paid under the said contract to CONVAIR - A Division of General Dynamics Corporation (hereinafter called the Contractor) or to its assignees, if any, the Contractor, upon payment of the said sum by the UNITED STATES OF AMERICA (hereinafter called the Government), does remise, release, and discharge the Government, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said contract, except:

1. Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor as set forth in Exhibit "A" attached hereto and hereby incorporated herein by this reference.
2. Claims, together with reasonable expenses incidental thereto, based upon the liabilities of the Contractor to third parties arising out of the performance of the said contract, which are not known to the Contractor on the date of the execution of this release and of which the Contractor gives notice in writing to the Contracting Officer not more than six (6) years after the date of this release.
3. Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of the said contract relating to patents.

The Contractor agrees, in connection with patent matters and with claims which are not released as set forth above, that it will comply with all of the provisions of the said contract, including without limitation those provisions relating to notification to the Contracting Officer and relating to the defense or prosecution of litigation.

IN WITNESS WHEREOF, this release has been executed this 5th day of November 1959.

GENERAL DYNAMICS CORPORATION

By 

Vice President and Controller  
Convair Division

CERTIFICATE

I, , certify that I am the Assistant Secretary of the Corporation named as Contractor in the foregoing release, that  who signed said release on behalf of the Contractor was then Vice President and Controller of CONVAIR Division of said Corporation; that said release was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

CONVAIR - San Diego  
Form 91-0-3

CONVAIR - San Diego  
Form 91-0-2

Exhibit "A"  
to Contractor's Release

Contract NOas 58-812c

(a) Claims in the following estimated amounts:

None

(b) Claims suspended, subject of appeal:

None

CONTRACTOR'S ASSIGNMENT OF REFUNDS, REBATES, AND CREDITS

Pursuant to the terms of Contract No. NOas 58-812c and in consideration of the reimbursement of costs and payment of fee, as provided in the said contract and any assignment thereunder, Convair - A Division of General Dynamics Corporation (hereinafter called the Contractor) does hereby:

1. Assign, transfer, set over and release to the UNITED STATES OF AMERICA (hereinafter called the Government) all right, title and interest to all refunds, rebates, credits or other amounts (including any interest thereon) arising out of the performance of the said contract, and for which the contractor was paid or reimbursed by the Government, together with all the rights of action accrued or which may hereafter accrue thereunder, (except those for refunds or rebates of, or credits for, taxes paid to the State of California or any political subdivision thereof).
2. Agree to take whatever action may be necessary to effect prompt collection of all refunds, rebates, credits or other amounts (including any interest thereon) due or which may become due, and to promptly forward to the Navy Department (U.S. Navy Regional Accounts Office, Washington 25, D.C.) checks (made payable to the Treasurer of the United States) for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the Contracting Officer as stated in the said contract and may be applied to reduce any amounts otherwise payable to the Government under the terms hereof.
3. Agree to cooperate fully with the Government as to any claim or suit in connection with refunds, rebates, credits or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney or other papers in connection therewith; and to permit the Government to represent it at any hearing, trial or other proceeding arising out of such claim or suit.
4. In the event the contractor obtains or receives any refund or rebate of, or credit for, taxes paid to the State of California or any political subdivision thereof, in connection with the performance of this contract, and for which the contractor was paid or reimbursed by the Government, the contractor agrees to pay over to the Government an amount equal to such refund or credit (including interest paid or credited to the contractor incident to such refund or credit to the extent that such interest was earned after the contractor was paid or reimbursed by the Government for such taxes). In the event the contractor receives any benefit in lieu of or in addition to such a refund or credit, the contractor agrees to pay over to the Government an amount equal to such benefit.

IN WITNESS WHEREOF, this assignment has been executed this 5th day of November 1959.

GENERAL DYNAMICS CORPORATION

By \_\_\_\_\_

Vice President and Controller  
Convair Division

CERTIFICATE

I, Edmund Burke, certify that I am the Assistant Secretary of the Corporation named as Contractor in the foregoing assignment; that \_\_\_\_\_ who signed said assignment on behalf of the Contractor was then Vice President and Controller of Convair Division of said Corporation; that said assignment was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

-CONVAIR-  
APPROVED AS TO  
LEGALITY & FORM  
S. 11/5 1959